

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DIVISION OF VIRGINIA  
RICHMOND DIVISION**

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**In Re:**

**Chapter 11**

**CIRCUIT CITY STORES, INC., et al.,**

**Case No. 08-35653 (KRH)**

Debtor.

Jointly Administered  
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**LIMITED OBJECTION OF SIMON PROPERTY GROUP, INC. TO DEBTORS'  
MOTION FOR ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105, 363,  
AND 365 (A) AUTHORIZING DEBTORS TO ENTER INTO AGREEMENT IN  
CONNECTION WITH SALE AND ASSIGNMENT OF UNEXPIRED LEASE AND  
SUBLEASE OF NONRESIDENTIAL REAL PROPERTY, SUBJECT TO HIGHER OR  
OTHERWISE BETTER BIDS, (B) APPROVING TERMINATION FEE IN  
CONNECTION THEREWITH, (C) APPROVING SALE OF LEASE AND SUBLEASE  
FREE AND CLEAR OF ALL INTERESTS, AND (D) GRANTING RELATED RELIEF**

Comes Now Simon Property Group, Inc., and its related entities as Landlord, ("Simon"), through its undersigned counsel, and hereby files its limited objection to Debtors' Motion For Order Pursuant To Bankruptcy Code Sections 105, 363, and 365 (A) Authorizing Debtors To Enter Into Agreement In Connection With Sale and Assignment Of Unexpired Lease and Sublease Of Nonresidential Real Property, Subject To Higher Or Otherwise Better Bids, (B) Approving Termination Fee In Connection Therewith, (C) Approving Sale Of Lease and Sublease Free and Clear Of All Interests, and (D) Granting Related Relief (the "Motion"). In support of the same, Simon states as follows:

1. On or about November 10, 2008, (the "Petition Date"), the Debtor filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Since the Petition Date the Debtors have remained in possession of their respective properties and continue to manage their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Debtor is the ground lessee under a lease with Simon for Bloomingdale Court in Bloomingdale, Illinois (the "Lease").

3. The Motion seeks an order authorizing the Debtor to enter into an agreement in connection with the sale of the Lease, subject to higher or otherwise better proposals, to Creative Realty Management, LLC (the "Purchaser").

The Debtors proposed cure amount listed in the Motion inaccurately reflects the default amounts due under the Lease. Simon is asserting the amounts required to cure the Lease is \$170,047.35. See Exhibit "A", ("Cure Schedule") attached hereto for an accurate detailing of the amount Simon is asserting is currently due and payable under the Lease.

4. Simon also objects in part to the Sale, Assumption, and Assignment Agreement (the "Agreement"); Simon, in particular, specifically objects as to the omission within the Agreement of any language obligating the prevailing bidder to take the Lease subject to charges accrued as of this date, but not yet billed, including, but not limited to, common area maintenance, real estate taxes, overage rent, percent rent, and utilities.

5. Simon does not object to the Lease being assumed and assigned to the Purchaser, except as noted in Paragraph 5 and 6 herein, but rather disagrees with the cure amounts set forth in the Motion.

6. In the 1984 Amendment to the Bankruptcy Code, congress added Section 365(b)(3)(A-D), which specifically defines, adequate assurance of future performance of a lease of real property in a shopping center includes adequate assurance as follows:

11 USC § 365 (b)(3)(A-D)

- (A) of the source of rent and other consideration due under such lease, and in the case of an assignment, that the financial condition and operating performance of the proposed assignee and its guarantors, if any, shall be similar to the financial condition and operating performance of the debtor and its guarantors, if any, as of the time the debtor became the lessee under the lease;
- (B) that any percentage rent due under such lease will not decline substantially;

- (C) that assumption or assignment of such lease is subject to all the provisions thereof, including (but not limited to) provisions such as a radius, location, use, or exclusivity provision, and will not breach any such provision contained in any other lease, financing agreement, or master agreement relating to such shopping center; and
- (D) that assumption or assignment of such lease will not disrupt any tenant mix or balance in such shopping center..

7. Simon specifically objects to any subdivision of the premises or multi-purpose use of the premises as to do so would disrupt the tenant mix and balance of the shopping center as provided in Subsection (D) above, as such, Simon requests that the Purchaser provide information regarding its intent for the use of the premises.

WHEREFORE, Simon objects to a) the cure amount for the Lease, and requests that the Court enter an Order approving the cure amounts listed in Exhibit "A" (attached hereto and incorporated herein by reference), b) the omission of language requiring the Purchaser to pay accrued charges pursuant to Paragraph 6, and c) requests further adequate assurance related to the Purchase pursuant to Paragraph 7, and for all further relief that is just and proper.

Dated: June 2, 2009

/s/ Mitchell B. Weitzman, Esq.

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing was served this 2<sup>nd</sup> day of June 2009, upon the following parties via regular United State mail, postage prepaid, facsimile, e-mail, and/or ECF Noticing to the following parties:

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| Tenant<br>Project<br>Lease | CIRC/ 0313<br>CIRC/ Circuit City | Circuit City Stores, Inc.<br>Bloomington Court<br>Circuit City | From 1/01/87<br>*** ALL Charges *** | To 6/02/09    |
|----------------------------|----------------------------------|--|-------------------------------------|---------------|
| Date                       | Document                         | Description  | Amount                              | Outstanding   |
| 10/16/2008                 | R 4495611 002                    | 2008 Y/E Tax Adjustment  | \$ 51,804.13                        | \$ 27,535.02  |
| 11/1/2008                  | R 4497455 001                    | Ground Rent  | \$ 10,833.33                        | \$ 7,583.33   |
| 11/1/2008                  | G 1296914 001                    | PRE PETITION DOF 11/10/08                                      | \$ 18,791.24                        | \$ 18,791.24  |
| 4/23/2009                  | R 4735987 002                    | Year End CAM Adjustment  | \$ 85,393.05                        | \$ 85,393.05  |
| 4/23/2009                  | R 4735987 004                    | Year End CAM Adjustment  | \$ 12,994.72                        | \$ 12,994.72  |
| 5/1/2009                   | R 4707306 001                    | Ground Rent  | \$ 10,833.33                        | \$ 5,416.66   |
| 6/1/2009                   | R 4741231 001                    | Ground Rent  | \$ 10,833.33                        | \$ 10,833.33  |
|                            |                                  | Legal fees   | \$ 1,500.00                         | \$ 1,500.00   |
|                            |                                  |  | \$ 202,983.13                       | \$ 170,047.35 |

EXHIBIT "A"